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ALLEN PARISH MOSQUITO ABATEMENT DISTRICT  
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS  
Year Ended December 31, 2009

***Royce T. Scimemi, CPA, APAC***  
*Oberlin, LA*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/14/10

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### Independent Auditor's Report

Board of Directors  
Allen Parish Mosquito Abatement District  
Oakdale, LA

I have audited the accompanying financial statements of the governmental activities and the major fund of the Allen Parish Mosquito Abatement District (District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allen Parish Mosquito Abatement District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Allen Parish Mosquito Abatement District as of December 31, 2009, and the changes of financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 10, 2010, on my consideration of the Allen Parish Mosquito Abatement District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

Allen Parish Mosquito Abatement District  
Independent Auditor's Report  
June 10, 2010  
Page 2

opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis (pages 5 through 10), budgetary comparison information (page 29), and schedule of compensation paid to board members (page 30) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on it.

Royce T. Scimemi, CPA, APAC  
June 10, 2010

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Management's Discussion and Analysis

Within this section of the Allen Parish Mosquito Abatement District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2009. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### Financial Highlights

- The District's assets exceeded its liabilities by \$1,111,799 (net assets) for the fiscal year reported.
- Total revenues of \$735,306 exceeded total expenses of \$644,532, which resulted in a current year surplus of \$90,774. This is higher than last year, when revenues exceeded expenses by \$89,501.
- Total net assets are comprised of the following:
  - (1) Capital assets, of \$336,727 include property and equipment, net of accumulated depreciation
  - (2) Unrestricted net assets of \$775,072.
- The District's governmental funds reported total ending fund balance of \$775,072 this year. This compares to the prior year ending fund balance of \$841,162, reflecting a decrease of \$66,090 during the current year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$775,072, or 97% of total General Fund expenditures and 106% of total General Fund revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Management's Discussion and Analysis (Continued)

#### **Government-wide Financial Statements**

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided.

The government-wide financial statements are presented on pages 13 through 14 of this report.

#### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District uses governmental funds as follows:

*Governmental funds* are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16 through 19 of this report.

#### ***Notes to the basic financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

#### ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget presentations. A budgetary comparison statement is included as "required supplementary information". This schedule demonstrates compliance with the District's adopted and final revised budget. Required supplementary information can be found on pages 29 through 30 of this report.

#### **Financial Analysis of the District as a Whole**

The District's net assets at fiscal year-end are \$1,111,799. The following table provides a summary of the District's net assets:

	<u>2009</u>	<u>2008</u>
Assets:		
Current assets	\$ 776,057	\$ 841,317
Other assets	-	2,631
Capital assets	<u>336,727</u>	<u>346,674</u>
Total assets	<u>1,112,784</u>	<u>1,190,622</u>
Liabilities:		
Current liabilities	985	47,270
Long-term liabilities	<u>-</u>	<u>122,327</u>
Total liabilities	<u>985</u>	<u>169,597</u>
Net assets:		
Invested in capital assets, net	336,727	179,863
Unrestricted	<u>775,072</u>	<u>841,162</u>
Total net assets	<u>\$ 1,111,799</u>	<u>\$1,021,025</u>

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Management's Discussion and Analysis (Continued)

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 787.88 to 1.

Note that approximately 31% of the governmental activities' net assets are tied up in capital assets. The District uses these capital assets to provide services to its citizens.

Overall, the District's office reports net assets of \$1,111,799. This amount is \$90,774 higher than last year. The District's overall financial position improved during fiscal year 2009.

The following table provides a summary of the District's changes in net assets:

	<u>2009</u>	<u>2008</u>
Program revenues	\$ 148,212	\$ -
General revenues	<u>587,094</u>	<u>569,512</u>
Total Revenues	<u>735,306</u>	<u>569,512</u>
 Mosquito abatement	 641,216	 473,492
Interest	<u>3,316</u>	<u>6,519</u>
Total Expenses	<u>644,532</u>	<u>480,011</u>
 Change in Net Assets	 90,774	 89,501
Beginning Net Assets	<u>1,021,025</u>	<u>931,524</u>
Ending Net Assets	<u>\$1,111,799</u>	<u>\$ 1,021,025</u>

### Governmental Revenues

The District is heavily reliant on ad valorem taxes. These taxes provided 77% of the District's revenues during the current year.

### Governmental Functional Expenses

The total function of the District is to abate, control, eradicate, and study mosquitoes and other arthropods of public health importance and all activities incidental thereto for the people of Allen Parish. The only other non-functional cost is interest expense related to the outstanding obligations of long-term debt. Of the total cost, depreciation on the capital assets was \$9,947 or 2% of total expenses.



## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Management's Discussion and Analysis (Continued)

#### Financial Analysis of the District's Funds

##### *Governmental Funds*

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an unreserved and undesignated ending fund balance of \$775,072.

The unreserved, undesignated fund balance decreased by \$66,090 from the previous year.

##### *Major Governmental Funds*

The General Fund is the District's only operating fund and is the single source of day-to-day service delivery. The General Fund's fund balance decreased by \$66,090.

#### **Budgetary Highlights**

***The General Fund*** – When the budget was adopted, it was anticipated that the total revenues were going to be similar to the previous fiscal year. The budget also anticipated that total expenditures were going to be similar to the previous fiscal year. The budget was amended once during the year primarily due to the costs of additional spraying after Hurricane Gustav. Another reason for the amendment was to have the budget reflect the \$122,327 defeasance of debt during late 2009. Variances were positive overall.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Management's Discussion and Analysis (Continued)

#### Capital Assets and Debt Administration

##### *Capital assets*

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2009, was \$336,727. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2009</u>	<u>2008</u>
Depreciable capital assets:		
Equipment	\$ 740	\$ 740
Furniture & fixtures	2,759	2,759
Buildings	<u>377,896</u>	<u>377,896</u>
Total depreciable assets	381,395	381,395
Less accumulated depreciation	<u>44,668</u>	<u>34,721</u>
Book value-depreciable assets	\$ <u>336,727</u>	\$ <u>346,674</u>
Percentage depreciated	<u>12%</u>	<u>9%</u>
Book value-all assets	\$ <u>336,727</u>	\$ <u>346,674</u>

At December 31, 2009, the depreciable capital assets for governmental activities were 12% depreciated.

There were no additions or retirements to capital assets during the current year.

##### *Long-term debt*

At the end of the fiscal year, the District had total long-term debt obligations outstanding of \$167,327. During the year, the District retired \$45,000 under normal payment requirements. The district defeased/paid the remaining \$122,327 in debt during the last quarter of 2009. See Note D for additional information regarding long-term debt.

#### Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District President, Mr. Bryan Tilley, at (337) 639-4054.

## BASIC FINANCIAL STATEMENTS

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Statement of Net Assets

December 31, 2009

ASSETS

Cash	\$ 192,287
Receivables	
Ad valorem taxes	569,189
Intergovernmental	14,581
Capital assets, net	<u>336,727</u>
TOTAL ASSETS	<u>\$ 1,112,784</u>

LIABILITIES

Current liabilities:	
Accounts payable	\$ <u>985</u>
Total liabilities	<u>985</u>

NET ASSETS

Invested in capital assets, net of related debt	336,727
Unrestricted	<u>775,072</u>
Total net assets	<u>\$ 1,111,799</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT  
Statement of Activities  
Year Ended December 31, 2009

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Mosquito abatement	\$ 641,216	\$ -	\$ 148,212	\$ -
Interest	<u>3,316</u>	-	-	-
Total Governmental Activities	\$ <u>644,532</u>	\$ -	\$ <u>148,212</u>	\$ -
General Revenues:				
Ad valorem tax revenue				564,400
Interest				2,294
Rent				<u>20,400</u>
Total general revenues				<u>587,094</u>
Change in net assets				90,774
Net assets – December 31, 2008				<u>1,021,025</u>
Net assets – December 31, 2009				<u>\$1,111,799</u>

The accompanying notes are an integral part of the basic financial statements

## FUND FINANCIAL STATEMENTS

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Balance Sheet - Governmental Fund

December 31, 2009

	<u>2009</u>
ASSETS	
Cash	\$ 192,287
Receivables	
Ad valorem taxes	569,189
Intergovernmental	<u>14,581</u>
TOTAL ASSETS	\$ <u>776,057</u>
LIABILITIES AND FUND EQUITY	
LIABILITIES	
Accounts payable	\$ <u>985</u>
TOTAL LIABILITIES	<u>985</u>
FUND EQUITY	
Fund Balance	
Unreserved and undesignated	<u>775,072</u>
TOTAL FUND EQUITY	<u>775,072</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>776,057</u>

The accompanying notes are an integral part of the basic financial statements.



ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Reconciliation of the Balance Sheet - Governmental Fund to the  
Statement of Net Assets

December 31, 2009

Total fund balance for governmental fund at December 31, 2009: \$ 775,072

Total net assets reported for governmental activities in the statement  
of net assets is different because:

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds.  
Those assets consist of:

Equipment, net of \$477 accumulated depreciation	\$	263	
Furniture & Fixtures, net of \$1,679 accumulated depreciation		1,080	
Buildings, net of \$42,512 accumulated depreciation		<u>335,384</u>	336,727

Total net assets of governmental activities at December 31, 2009 \$1,111,799

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Statement of Revenues, Expenditures and  
Changes in Fund Balance – Governmental Fund

Year Ended December 31, 2009

	<u>2009</u>
REVENUES	
Ad valorem taxes (net)	\$ 564,400
Interest	2,294
Intergovernmental	148,212
Rent	<u>20,400</u>
TOTAL REVENUES	735,306
EXPENDITURES	
Current:	
Advertising	680
Bank charges	95
Contract services	614,830
Insurance	4,868
Office expense	391
Payroll taxes	69
Professional fees	4,394
Secretary fees	2,055
Travel	1,256
Debt service:	
Principal retirement	167,327
Interest	<u>5,431</u>
TOTAL EXPENDITURES	<u>801,396</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(66,090)
BEGINNING FUND BALANCE	<u>841,162</u>
ENDING FUND BALANCE	\$ <u>775,072</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance-Governmental Fund to the Statement of Activities

Year Ended December 31, 2009

Total net changes in fund balance at December 31, 2009 per statement of revenues, expenditures and changes in fund balance		\$ (66,090)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays which are considered expenditures on statement of revenues, expenditures and changes in fund balance	\$ -	
Depreciation expense for the year ended December 31, 2009	<u>(9,947)</u>	(9,947)
Governmental funds report bond issue costs as expenditures. However, in the statement of activities, these costs are allocated over the life of the associated bonds and reported as amortization expense.		
Amortization expense for the year ended December 31, 2009. Entire debt defeased/paid in 2009		(2,631)
Governmental funds report bond debt repayments as expenditures. However, these expenditures do not appear in the statement of activities since the payments are applied against the bond payable on the statement of net assets		167,327
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>2,115</u>	
Total changes in net assets at December 31, 2009 per statement of activities		<u>\$ 90,774</u>

The accompanying notes are an integral part of the basic financial statements.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Notes to Basic Financial Statements December 31, 2009

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allen Parish Mosquito Abatement District was created by the Allen Parish Police Jury on June 17, 2002 as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 33:7721 et seq., for the purpose of abatement, control, eradication, and study of mosquitoes and other arthropods of public health importance and all activities incidental thereto for the people of Allen Parish. The District is governed by a board of five directors who are appointed by the Allen Parish Police Jury and are not compensated. The District encompasses all of Allen Parish and has approximately 25,000 citizens. As of December 31, 2009, the District has no employees. The District contracts with a private company to provide for mosquito control services.

The accounting and reporting policies of the Allen Parish Mosquito Abatement District conform to generally accepted accounting principles as applied to governments. Such accounting and reporting procedures conform to the requirements of the industry audit guide, Audits of State and Local Governments. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### 1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, Allen Parish Mosquito Abatement District includes all funds, account groups, et cetera, that are within the oversight responsibility of the Allen Parish Mosquito Abatement District.

As the governing authority, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Notes to Basic Financial Statements December 31, 2009

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Allen Parish Police Jury to impose its will on that organization, and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Allen Parish Police Jury.
2. Organizations for which the Allen Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Allen Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, Allen Parish Mosquito Abatement District is a component unit of the Allen Parish Police Jury's reporting entity.

#### 2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

#### Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Notes to Basic Financial Statements December 31, 2009

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, interest, and rents, are presented as general revenues.

#### Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Allen Parish Mosquito Abatement District or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all governmental funds. The District has one fund, the General Fund, which is therefore considered its major fund.

#### 3. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Allen Parish Mosquito Abatement District operations. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The amounts reflected in the governmental funds use the modified accrual basis of accounting where revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Allen Parish Mosquito Abatement District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Notes to Basic Financial Statements  
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues

Those revenues susceptible to accrual are ad valorem taxes.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Capital expenditures are regarded as expenditures at the time purchased.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2009, the District has \$192,354 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Directors for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Notes to Basic Financial Statements December 31, 2009

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### 6. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. Allen Parish Mosquito Abatement District maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net assets and statement of activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment	7 Years
Furniture & fixtures	7 Years
Buildings	40 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

##### 7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by Allen Parish Mosquito Abatement District as an extension of formal budgetary integration in the funds.

##### 8. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.



## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Notes to Basic Financial Statements December 31, 2009

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

#### 9. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### 10. Long-Term Debts

All long-term debts to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term debts for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

#### NOTE B – AD VALOREM TAXES

For the year ended December 31, 2009, taxes were levied on taxable assessed valuations of \$73,477,498 at a millage of 8.0.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year, and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien.

Total taxes levied were \$587,820.

# ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

## Notes to Basic Financial Statements December 31, 2009

### NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/08 <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	12/31/09 <u>Balance</u>
Governmental activities:				
Depreciable capital assets:				
Equipment	\$ 740	\$ -	\$ -	\$ 740
Furniture & fixtures	2,759	-	-	2,759
Building	<u>377,896</u>	<u>-</u>	<u>-</u>	<u>377,896</u>
Total	<u>381,395</u>	<u>-</u>	<u>-</u>	<u>381,395</u>
Less: Accumulated Depreciation				
Equipment	371	106	-	477
Furniture & fixtures	1,285	394	-	1,679
Buildings	<u>33,065</u>	<u>9,447</u>	<u>-</u>	<u>42,512</u>
Total	<u>34,721</u>	<u>9,947</u>	<u>-</u>	<u>44,668</u>
Net capital assets	\$ <u>346,674</u>	\$ <u>9,947</u>	\$ <u>-</u>	\$ <u>336,727</u>

Depreciation expense in the amount of \$9,947 was charged to mosquito abatement.

### NOTE D - LONG-TERM DEBT

#### 1. Debt Outstanding

All of the District's long-term debt was defeased during 2009.

The following is a summary of the long-term debt transactions during the year ending December 31, 2009:

	Bonded <u>Debt</u>
Long-term debt payable at December 31, 2008	\$ 167,327
Additions	-
Payments (Principal payment of \$45,000 and defeasance of \$122,327)	<u>167,327</u>
Long-term debt payable at December 31, 2009	\$ <u>-</u>

## ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

### Notes to Basic Financial Statements December 31, 2009

#### NOTE D - LONG-TERM DEBT- Continued

##### 2. Debt Defeasance

In September 2009, the District defeased (paid) \$122,327 of outstanding long-term debt. As a result, the District saved \$6,406 in interest over the subsequent three years.

#### NOTE E – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

#### NOTE F – COMMITMENTS

The District has one major outstanding contract for professional and contract services with Vector Disease Control, Inc. The company will provide control of the mosquito population in Allen Parish. The original contract agreement was for a period beginning April 28, 2003 and ending December 31, 2007. On December 17, 2007, the contract was extended for the four years from January 1, 2008 through December 31, 2011. Payments totaling \$450,000 per year are required under the contract extension.

## REQUIRED SUPPLEMENTARY INFORMATION

# ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

## Budgetary Comparison Schedule

Year Ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Ad valorem taxes (net)	524,600	\$ 524,600	\$564,400	\$ 39,800
Interest	-	-	2,294	2,294
Intergovernmental	-	-	148,212	148,212
Rent	<u>20,400</u>	<u>20,400</u>	<u>20,400</u>	<u>-</u>
TOTAL REVENUES	545,000	545,000	735,306	190,306
EXPENDITURES				
Current:				
Advertising	600	600	680	(80)
Bank charges	-	-	95	(95)
Contract services	450,000	625,000	614,830	10,170
Insurance	5,200	5,200	4,868	332
Miscellaneous	22,000	2,000	-	2,000
Office expense	1,100	1,200	391	809
Payroll taxes	-	-	69	(69)
Professional fees	4,000	4,000	4,394	(394)
Secretary fees	2,600	2,600	2,055	545
Travel	1,500	1,500	1,256	244
Debt service:				
Principal retirement	40,000	170,000	167,327	2,673
Interest	<u>8,000</u>	<u>5,000</u>	<u>5,431</u>	<u>(431)</u>
TOTAL EXPENDITURES	<u>535,000</u>	<u>817,100</u>	<u>801,396</u>	<u>15,704</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	10,000	(272,100)	(66,090)	206,010
BEGINNING FUND BALANCE	<u>841,162</u>	<u>841,162</u>	<u>841,162</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 851,162</u>	<u>\$ 569,062</u>	<u>\$ 775,072</u>	<u>\$ 206,010</u>

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Schedule of Compensation Paid to Board Members

Year Ended December 31, 2009

As provided by Louisiana Revised Statutes 33:7723, the board members shall serve without compensation, but the members shall be reimbursed for reasonable expenses incurred in connection with their official duties. For the year ended December 31, 2009, the board members were reimbursed a total of \$1,185 using the federal standard mileage rates.

# ROYCE T. SCIMEMI, CPA, APAC



## CERTIFIED PUBLIC ACCOUNTANT

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### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

June 10, 2010

Board of Directors  
Allen Parish Mosquito Abatement District  
Oakdale, Louisiana

I have audited the basic financial statements of the governmental activities and the major fund of Allen Parish Mosquito Abatement District, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2009, which collectively comprise the District's financial statements as listed in the table of contents, and have issued my report thereon dated June 10, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Allen Parish Mosquito Abatement District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allen Parish Mosquito Abatement District's internal control over financial reporting. Accordingly, I do not express an opinion over the effectiveness of the Allen Parish Mosquito Abatement District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Directors  
Allen Parish Mosquito Abatement District  
June 10, 2010  
Page 2

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified one deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs that I consider to be a significant deficiency in internal control over financial reporting as finding 2009-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Allen Parish Mosquito Abatement District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management and use of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Royce T. Scimemi, CPA, APAC



ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Schedule of Findings and Questioned Costs

Year Ended December 31, 2009

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

**Findings – Financial Statement Audit**

Finding #2009-1 I/C:  
Significant deficiency

***Inadequate Segregation of Duties***

Because of the lack of a large staff, more specifically accounting personnel, there is insufficient segregation of duties necessary for proper controls. I do note that this situation is inherent in most entities of this type and is difficult to resolve due to the funding limitations of the District. I recommend that the board take an active interest in the review of all of the financial information. This was also a prior year finding.

**Federal Award Findings and Questioned Costs**

- None

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Corrective Action Plan for  
Current Year Audit Findings (Unaudited)

Year Ended December 31, 2009

Internal Control and Compliance Material to the Financial Statements

2009-1 I/C Segregation of duties:

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

Contact Person: Bryan Tilley, President

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

Management's Corrective Action Plan for  
Prior Year Audit Findings (Unaudited)

Year Ended December 31, 2009

2008-1 I/C Segregation of duties:

Corrective Action Taken: This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

2008 - 1 C Public Participation in Budget Process:

Corrective Action Taken: The board was not aware of these requirements until after the 2008 budget was adopted. The board has complied with the public participation requirements for the original 2009 budget adopted in December 2008 and the amended budget in December 2009 and will continue compliance into the future.